



PAYFLEX<sup>®</sup>

**PARTNERS**  
**FOR HEALTH**

Tax-Advantaged  
Accounts

**Health Savings  
Account (HSA)**

**State of Tennessee**

# What's a Health Savings Account (HSA)?

**It is an account you contribute to with pretax money deducted from your paycheck. You use it for eligible health care expenses.**

- Helps reduce your taxable income and increases your take home pay!
- Use your funds for current and future healthcare costs.
- Unused funds roll over from year to year.
- Account funds are used for you, your spouse, and your tax dependents.
- Your HSA stays with you, even if you switch employers, change insurance plans, or retire.
- Contribute pre-tax and post-tax dollars.
- If you have an HSA elsewhere, you can transfer the balance to your new HSA.
- Your money can earn interest plus, you can enjoy investment options.
- Benefit from employer contributions (local government and local education employees should check if their agency will provide funding for your HSA).

# HSA Contributions

**Each year, the Internal Revenue Service (IRS) sets maximum contribution limits.**

- The maximum limits include all contributions made to your HSA. Contributions that roll over from other HSA's do not count towards maximums.
- If age 55 or older, you can contribute up to another \$1,000 annually.

Coverage	2016 HSA Limit
Single Coverage	\$3,350
Family Coverage	\$6,750

# HSA Investment Options

**Once you have at least \$1,000 in your HSA you can open an investment account.**

- There are a variety of mutual funds available.
- There are no transfer or trading fees and no minimum investment amount per trade request.
- Mutual funds and investments are not FDIC-insured. Invested funds are subject to risks, including changes in the value and the possible loss of the amount you invested.
- You cannot pay for eligible health care expenses directly from your investment account. You must first transfer the funds from your investment account to your HSA.

By transferring funds into an HSA investment account you can potentially benefit from capital appreciation in the value of mutual fund holdings. However, you will also be exposed to a number of risks, including the loss of principal, and you should always read the prospectuses for the mutual funds you intend on purchasing to familiarize yourself with these risks.

# Are you eligible for an HSA?

**To elect an HSA, you must be enrolled in a qualified consumer-driven health plan (CDHP).**

## **In addition:**

- You can't have other health coverage that pays for out-of-pocket expenses before you meet your plan deductible.
- You or your spouse can't have a Flexible Spending Account (FSA) or a Health Reimbursement Account (HRA) in the same year.
- You can't have Medicare, TRICARE, or have been treated by Veterans Administration (VA) in the last three months.
- You can't be claimed as a dependent by someone else.

# Are you eligible for an HSA?

## Other rules:

- If you have an FSA with grace period allowing you to incur claims until 3/15 and...
  - Your FSA balance is zero on 12/31, you are **eligible** to open an HSA on 1/1
  - Your FSA balance is not at zero on 12/31, you are **not eligible** to open an HSA until the first of the month following the grace period (4/1).
  - Any funds posted in your HSA cannot be used for claims incurred prior to 4/1 or the date you opened.

# How to use your HSA funds

## Once funds are available, you can:

- Use the **PayFlex Card®**, your account debit card.
- Pay for an eligible expense out of pocket with cash, check, or personal credit card.
- Then use the **withdrawal tool** to obtain funds from your HSA.
  - This will be directly deposited into your checking or savings account.
- Use the **online payment tool** to pay your provider directly from your HSA.



# The PayFlex Card®

**A super easy way for you to spend the money in your PayFlex account/s.**

- ✓ It's a convenient way to pay for eligible expenses.
- ✓ The card knows when the expense is eligible.
- ✓ No claim filing!

**Simply swipe the card and select either “debit” or “credit.”**

- If you choose “debit,” you may need a PIN to complete the transaction.
- After you swipe the card, our system automatically confirms whether you have enough funds to pay for the expense.

**What can I purchase with the card?**

- Eligible expenses allowed under your plan.

**Where can I use the card?**

- Physician and dentist offices, vision providers, hospitals
- Grocery stores, discount stores, web-based merchants
- Drug stores and retail pharmacies



# PayFlex Mobile®

## Manage your account 24/7 with the free PayFlex Mobile® Application

Available for iPhone® and iPad® mobile digital devices, as well as Android™ smartphones.

### The PayFlex Mobile® app lets you:

- Manage your account funds
- View PayFlex Card® purchases and transactions
- View a list of common eligible expense items
- Use the same username and password as the PayFlex member website



The iPhone and iPad are trademarks of Apple Inc., registered in the U.S. and other countries. Android is a trademark of Google Inc. Standard text messaging and other rates from your wireless carrier still apply. PayFlex Mobile® is a registered trademark of PayFlex Systems USA, Inc.



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# We're here to help!

Visit [stateoftn.payflexdirect.com](http://stateoftn.payflexdirect.com),  
click **Contact Us**. Or call us at  
**855.288.7345**

Representatives are available  
Monday – Friday, 7 a.m. – 7 p.m.  
Saturday, 9 a.m. – 2 p.m.

*All times are Central.*

# Disclaimer

This material is for informational purposes only. The information describes the Flexible Spending Account (“FSA”) in general terms. FSA plans are governed by the rules of Section 125 of the Internal Revenue Code and will be administered in accordance with those rules. Estimate fund amounts carefully. Unused funds may be forfeited. Eligible expenses may vary from employer to employer. In case of a conflict between your plan documents and the information in this material, the plan documents will govern. Please refer to your employer’s Summary Plan Description (“SPD”) for more information about your covered benefits.

There may be fees associated with an HSA. These are the same types of fees you may pay for checking account transactions. Please see the HSA fee schedule in your HSA enrollment materials for more information. Investment services are independently offered through a third-party financial institution. The HSA investment account is an optional, self-directed service. We do not provide investment advice for HSA investment account participants. You are solely responsible for any investment account decisions you make. Mutual funds and brokerage investments are not FDIC-insured and are subject to investment risk, including fluctuations in value and the possible loss of the principal amount invested. The prospectus describes the funds’ investment objectives and strategies, their fees and expenses, and the risks inherent to investing in each fund. Investors should always read the prospectus carefully before making any investment decision. System response and account access times may vary due to a variety of factors, including trading volumes, market conditions, system performance and other factors.

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**APN 69.25.333.1 A**